MONTHLY REVIEW

Of Industrial and Financial Conditions in the New England District
By Frederic H. Curtiss, Chairman and Federal Reserve Agent

FEDERAL RESERVE BANK OF BOSTON

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THE SITUATION

The combination of the summer quietness usually experienced by many industries and the retarding influences of the serious strikes has resulted in less business activity in New England during July than in June, although there are many exceptions to this condition. Even where there has been a slowing down, it is doubtful if that which is directly attributable to summer dullness has been as great this year as would normally be expected. This would indicate that there has been a fundamental tendency toward real improvement in business activity but which, for the time being at least, has not been able to find expression because of exceptional conditions such as textile, coal and railroad strikes. In other words, under ordinary circumstances, business would be moving upward in its cycle, but whether this tendency will be able to overcome the extraordinary retarding influences that are being met is difficult to answer at this time.

It is certain that the coal strike is daily becoming more serious to New England and there is now an increasing feeling of apprehension in this district. Stocks of most sizes of hard coal for domestic heating purposes are practically exhausted and those of soft coal for power uses are dangerously low. The railroad strike has not affected New England business to any great extent as yet, but through the combination of increasing freight traffic and the inability to make as many repairs as necessary, the number of surplus freight cars in serviceable condition on the New England railroads is uncomfortably small.

Perhaps the best gauge of what business conditions might be if the adverse influences mentioned above could be disregarded is the recent trend of commodity prices. The prices of basic raw materials have been tending strongly upward for several months and more recently have been followed by manufactured goods, although to a lesser degree. The influence of higher prices has even spread to retail commodities and some merchants have found it necessary to increase the prices of certain of their merchandise. This phenomenon is common to every period of increasing business activity. The circumstances in the present case are different in one important aspect from those usually encountered, however. The consumer has never experienced a period of declining prices such as that of 1920 and 1921. The result of so many bargain sales and such continual price cutting has convinced him, in his own mind at least, that he can continue to expect retail prices to be as low as they are at present. Consequently, those merchants who have found it necessary to advance prices have met with considerable resistance from the consumer. Inasmuch as the prices of raw materials and manufactured goods continue to show an advancing tendency, it would seem to be only a question of time before more retail prices must be increased and accordingly the attitude of the consumer must be studied carefully. At the present time the woolen manufacturers of New England are coping with this very problem. The price of raw wool has advanced on the average of 75 per cent. since last autumn, whereas woolen goods, although slightly higher, have not had even approximately as large an advance. Clothing prices remain practically stationary. If the clothing dealers cannot induce their customers to pay more for their clothes, this consumer resistance will be felt by clothing manufacturers and in turn make the position of the woolen goods manufacturers difficult. There are many other industries facing similar conditions.

MANUFACTURING ACTIVITY

Manufacturing activity in New England has been slowly but steadily increasing during the past three months, particularly since the majority of the cotton mills reopened after having been closed by the strike. It is undoubtedly true, however, that production on the whole is not even now at as high a rate as it was in either the closing months of last year or January and February of this year. The gain from the low point touched in April is noticeable, however, and while it is partly due to seasonal influence and the recovery from the worst of the cotton strike, it is nevertheless encouraging. Manufacturing operations in New England are probably on a basis of 80 per cent. of maximum capacity, a rate not far below normal.

The strike which started in several cotton mill centers in February has not been definitely settled, although all but a few mills have reopened. The daily rate of production during June in the New England cotton industry was at about 70 per cent. of maximum capacity, which is an improvement when compared with either April or May but less than the corresponding month last year.

The woolen industry in this district is in a somewhat better position at the moment than the cotton industry, inasmuch as it is operating at more than 80 per cent. of capacity. This is, however, a lower rate than was maintained a year ago and considerably less than during the first two or three months of this year. A new season starts in this industry very soon, and the outlook is for continued operations at about the present rate, if not a better one.

The boot and shoe industry is experiencing its usual summer improvement. The rate of production is not only increasing, but can be expected to continue for several weeks more. This industry, like both cotton and wool, is not doing as well at present as it did a year ago.

The metal trades continue to show the steady though slow improvement which has been noticeable for nearly a year. The gain seems to have been made upon a sound basis, and new orders are improving in volume.

The recent tendency in the paper industry has been toward a decidedly higher rate of production for most kinds of paper.

Average rate during year ending June 30, 1920 = 100

MONEY AND BANKING

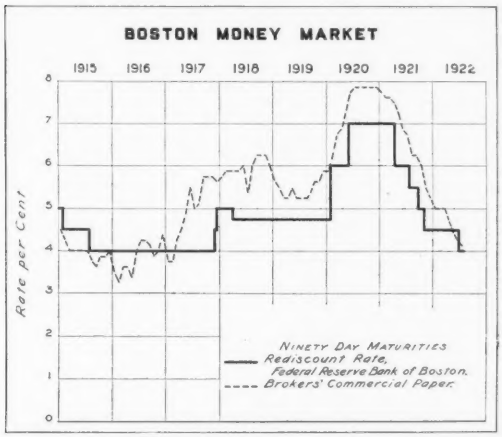
Money rates have tended to become somewhat easier during the past month, although not markedly so. It is clearly evident that the rapid decline in money rates which has been apparent for so many months was at least temporarily retarded during July. In fact, the easier tendency was confined largely to the investment field, particularly for such classes of securities as United States Treasury Certificates maturing in 90 days or less and Liberty Bonds. The former are steadily approaching prices at which they will yield only 3 per cent., and the prices of Liberty Bonds have made new high records. Bankers' acceptances have been generally selling on a 3 per cent. basis. There has been little change in the quotation of rates on commercial paper during the past month, as compared with June, although most of the business is done at the lower rather than the higher limit of quotations. The chart below shows the trend of commercial paper rates and the prevailing rediscount rate of the Federal Reserve Bank of Boston. It indicates that both rates are at substantially the same level.

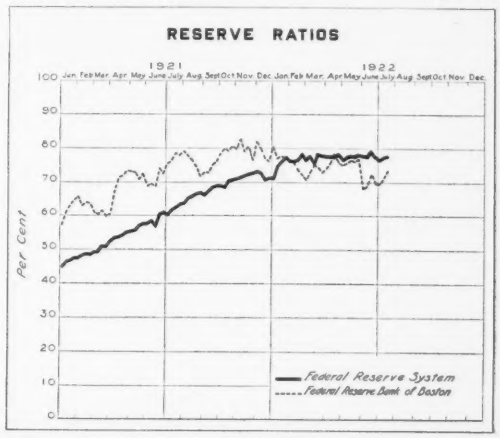
Most member banks have not yet felt the effects of the improvement in business, although there is some evidence that they may soon do so. Loans and rediscounts of a group of member banks in Boston have fluctuated within narrow limits since the first of May, after having declined almost continually for more than the previous year. Member banks outside of Boston, indeed, may have felt already the stimulus of increasing business activity, inasmuch as their total loans and rediscounts are now higher than they were at the first of this year, although for the last three months there has been barely any change. Banks have found it necessary for some months, particularly since the first of the year, to invest in securities in order to keep their deposits at work. Beginning with the latter part of June, however, the rate of accumulation of securities by both Boston and other New England member banks was decidedly lessened, so that their holdings scarcely increased during at least the first part of July. This may indicate either that banks foresee an increased demand for funds from their customers or that they feel that the yields on bonds at their present prices are less of an inducement to buy than has recently been the case.

The reserve ratio of the Federal Reserve Bank of Boston has had an upward tendency during July, as shown on the chart below, largely as a result of declining loans and investments. The effect of the latter on the movement of the reserve ratio has not been so readily apparent as it might have been, however, due to the fact that both deposits and Federal Reserve note liabilities have increased. During the latter part of June and the first part of July loans to member banks were higher than they had been during May and the early part of June, but in the middle of July they again fell back to the low level of the period just mentioned. The reserve ratio of the system as a whole averaged slightly lower in July than in June.

Money rates prevailing in the open market at Boston on July 27 were as follows:

Commercial Banks to Customers	4½–5%
Brokers' Call Money	4½%
90-day Bankers' Acceptances (unendorsed)	3%
Commercial Paper (Note Brokers)	4–4¼%
Year Collateral Loans	4¾–5%





METAL TRADES Manufacturing conditions in the metal trades in New England continue to improve, and factories are more active than for several months, although they are as a whole operating at far below maximum capacity. Whether the improvement will continue during the coming months depends to some extent on the strike situation. The railroads are reluctant to place orders for equipment while the railroad strike continues. Several tool manufacturers have recently increased prices, and some of the trade expect this to be followed generally throughout the industry.

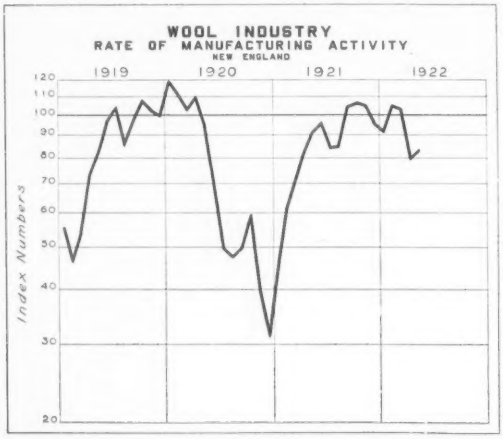
Second-hand machinery is gradually being worked off the market, thereby reacting to the benefit of the manufacturers, although the sale of used equipment has been the back-log of many of the dealers.

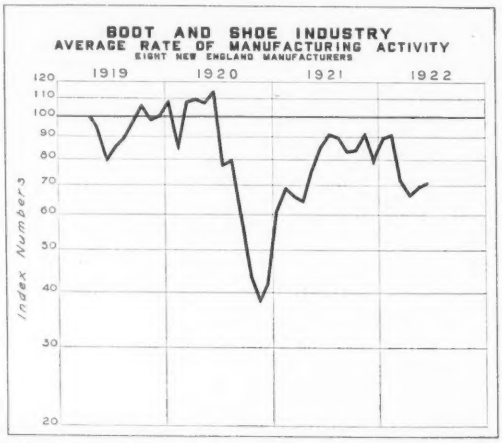
WOOL The Boston wool market has naturally not been as active during the past month as it was two months ago when the new domestic clip was coming on the market, but nevertheless there is a fair amount sold each week. Prices are not as high as they were in the latter part of June, a moderate reaction having taken place since that time. During the past two weeks prices have held firm.

The most important feature of the woolen goods market during July was the opening of the spring lines for 1923 by one of the large companies. The prevailing prices were on the whole slightly higher than for the corresponding goods either at the last opening, which was for the fall of 1922, or for the spring of 1922. The advance, however, is of much smaller proportion than the increase in either raw wool or yarn prices since the two previous openings.

COTTON GOODS Uncertainty as to the stability of raw cotton prices,— a feeling probably stronger this year than usual, due to the wide margin of error in crop estimates last year,—and uncertainty over the public's attitude toward price increases that must come if raw cotton retains its gain of recent weeks, are disturbing features in the cotton goods situation. Manufacturers emphasize the fact that increases in cloth prices have been far more conservative than in the raw material, and that some goods, — sheetings, for instance,— can be purchased at last year's levels in spite of the fact that cotton quotations have nearly doubled. New England mills consumed more cotton in June than during any month since the beginning of the strike.

BOOTS AND SHOES Manufacturing activity in the New England boot and shoe industry was greater during June than in May, following the usual seasonal trend. Under the stimulus of increasing orders, production at present is better than 70 per cent. of maximum capacity. New orders were received for a larger number of shoes during June than any previous month this year, according to reports from a group of representative New England manufacturers. This, together with the fact that production usually shows further gains during August, would indicate that the peak of production during the present season's run has not yet been reached. Unfilled orders on hand at the end of June were about 23 per cent. greater than at the end of May. Shipments during June showed an increase of about 12 per cent. when compared with the month previous.





Average rate during year ending June 30, 1920 = 100.

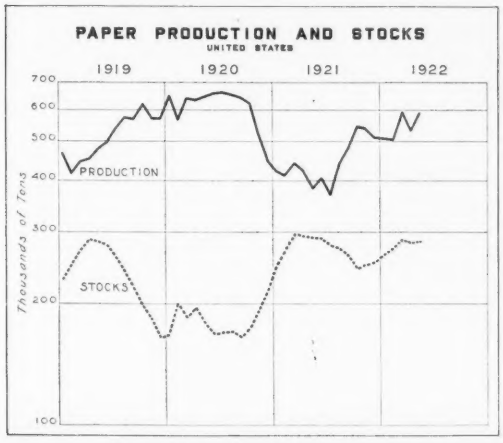
HIDES AND LEATHER

Following the usual dullness over the Fourth of July holiday, the leather market in Boston has shown a gradual improvement. Sales have been larger, and prices firmer. A rising market is expected by some tanners, who claim that prices will continue to increase until they reach a point where a margin of profit is shown in the tanning industry.

Chicago packer hides continue in good demand, and in general prices for July hides are better than those for June. Keen competition has been given as the reason for the advance in prices of June hides, and it is probable that the same condition holds true for July hides. The total value of leather exported from the United States during May was $4,369,351, compared with $3,544,182 in April.

PAPER

The important feature of the paper industry is the unusual activity of the newsprint mills, especially as it comes at the time of the year when the majority of paper mills usually close down for repairs and inspection. Newsprint mills have about six weeks' orders on hand, which has necessitated in many cases increased operations and the opening of high-cost mills which have been shut down since the business depression closed them. As a result, spot newsprint has advanced from $3 to $5 a ton, although contract prices remain the same. Keen competition and high printing costs are responsible for less favorable conditions in the book paper industry, where business is slow and stocks on hand are large. As indicated on the chart below, paper production in the United States for May stood close to the high point reached in March.



Source of data — Federal Trade Commission.

LABOR

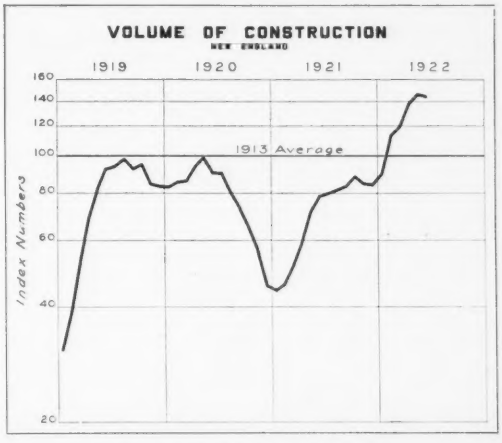
The general trend of employment in New England continues upward.

It is in the metal-working industry that the demand for men is most pronounced. Tool and die makers, all-around machinists and machine specialists who can set up their own machines, and wire workers are especially desired. Recovery in this industry has been steady for several months. The demand for men in the building trades, according to reports received from the Massachusetts Public Employment Offices in Boston, Worcester and Springfield, fell off in July, and the Springfield office notes a surplus of carpenters, painters and paper-hangers. Unskilled labor on the whole is in fair demand, and in a number of localities the floating supply has been absorbed in large part in road making.

BUILDING

The value of the contracts awarded for new construction in New England during June was larger than in May, although less than in March, according to the F. W. Dodge Company. Reports for the first part of July indicated that new contracts continued to be awarded at approximately the same rate as in June. The actual volume of work under way at the present time in this district is larger than for several years. Labor costs are increasing and this, together with a stiffening of material prices, is slowly raising the cost of construction. One effect of the building boom has been the excellent demand for cement. During the second quarter of this year, cement production was nearly double that of the first quarter, and 24.4 per cent. higher than a year ago.

The chart below shows the trend of the actual volume of new construction in New England.



Based on F. W. Dodge Company's Reports.

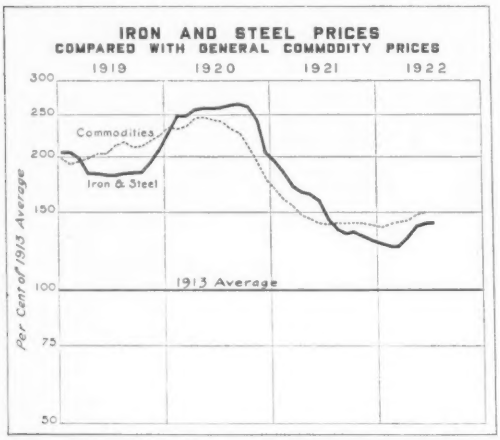
CROPS

The heavy rains during the latter part of June and the first part of July seem to have done as much good as harm in this district, according to the Department of Agriculture. Onion and tobacco growers have suffered the most damage. Many fields of onions were abandoned. Tobacco acreage in Connecticut has been somewhat reduced, with plant disease more prevalent than a month ago. The apple crop in New England, after a somewhat backward start, apparently will be 10 per cent. larger than last year. The condition of the potato crop in Maine is also somewhat behind that of last year, although the acreage planted is slightly larger. In the rest of New England, the outlook is for a larger crop than in 1921. Hay crops in Maine, New Hampshire and Vermont are excellent.

IRON AND STEEL

The iron and steel industry is feeling the effects of the coal strike and this, together with some congestion on the railroads and a shortage of labor in certain steel centers, has curtailed production slightly during the past few weeks. Output remains, even with this slowing down, at not far from 70 per cent. of capacity.

While the lowest point in production of both iron and steel was reached almost a year ago, the lowest prices were seen but comparatively recently. This is shown on the chart below, which compares the average price of a representative group of iron and steel products with the general commodity price level. It will be seen that the lowest point of iron and steel prices came last March, while the average commodity had practically reached its low point in the summer of 1921.



Source of data — *Iron Trade Review* and U. S. Department of Labor.

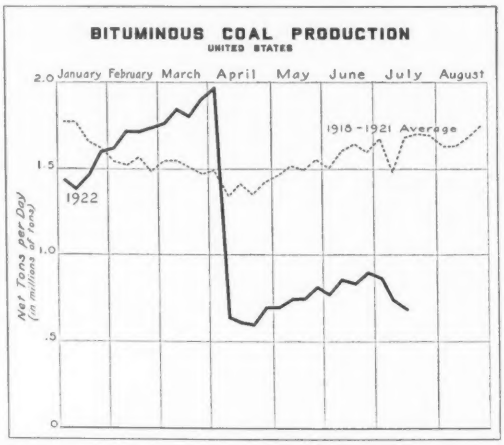
FAILURES

The reports of commercial failures for the second quarter of 1922 indicate continued improvement. Both in the United States as a whole and the New England district there was a reduction in the number and liabilities of failures for the second quarter compared with the first quarter. June reports for New England show a reduction in the number of failures over May, while preliminary returns for July indicate still lower figures. Contrary to the movement during May, the number of manufacturing insolvencies during June in the United States decreased proportionately greater than the trading defaults. Liabilities of both classes were reduced about 15 per cent., but a few comparatively large failures in New England increased liabilities to a figure larger than that of May.

COAL

The seriousness of the coal strike, particularly to New England, is becoming more apparent every week. Retail dealers' stocks of hard coal for domestic heating purposes are practically depleted except on pea sizes. Soft coal reserves are gradually becoming smaller, as consumption exceeds production, and are dangerously low. The bulk of the soft coal now arriving in New England is coming from the West Virginia fields, and is being shipped by boat.

Bituminous output had been increasing almost every week following the beginning of the strike, until the latter part of June. This is shown on the chart below. During the last part of June and the early part of July, production declined because of inadequate railroad facilities. This was caused not so much through a lack of freight cars as through congestion.



Source of data — U. S. Geological Survey.

COMMODITY PRICES

Commodity prices as a whole have been increasing for several months, as a result of the improved business activity evident in most parts of the country. While this is more particularly true of the prices of raw materials, even many manufactured goods ready for the consumer have responded, but to a lesser degree. This movement has continued during July although there has been less force behind the upward trend, and irregularity is more noticeable. Raw material prices suffered a setback in the third week in July and the excess in the number of commodities showing increases over those showing decreases has become smaller. Perhaps the two most important commodities showing a downward tendency of late are automobile tires and petroleum. The price of bituminous coal has been increasing.

FOREIGN TRADE

Exports of $334,000,000 and imports of $260,000,000 resulted in a favorable balance of trade in June, amounting to $74,000,000. Slightly more than $11,000,000 of this balance was offset by shipments of gold to the United States, and purchases of foreign securities by American investors, totaling about $30,000,000 during the four weeks ending July 14 provided an additional offset. The steady investment of American funds abroad, thus providing purchasing power to prospective foreign buyers, is one of the most constructive features of the foreign trade situation and is of very material assistance in holding up the volume of exports.

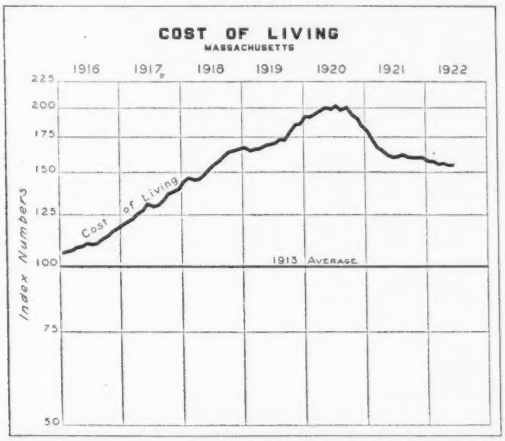
Shipments of many products in which New England is vitally interested are moving in a volume substantially in excess of a year ago.

THE COST OF LIVING

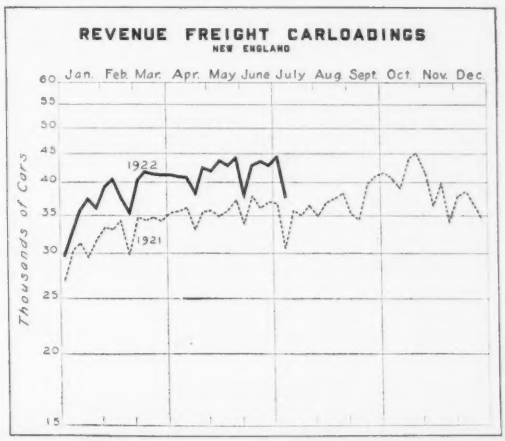
The cost of living in Massachusetts in June, as shown by the chart below, was so nearly the same as that of the previous month that it has been difficult to measure the change. According to the Massachusetts Commission on the Necessaries of Life, the increase was less than one-tenth of one per cent. Clothing prices alone, among the major items of the family budget, changed more than nominally by turning slightly upward for the first time in six months. It would not be surprising if fuel prices should tend to strengthen during the winter months, as a result of the coal miners' strike. Dwelling rents have not changed for several months but remain at the highest point in spite of the increasing amount of new construction. Present food prices, on the other hand, are about as low as at any time during the past year.

CARLOADINGS

The number of cars loaded with revenue freight by the New England railroads each week has remained nearly constant since early in May, with the exception of those weeks in which a holiday occurred. This is shown on the chart below. Carloadings for several months have averaged about 15 per cent. larger than a year ago, and recently have been greater than the totals reached in 1920. On the other hand there is actually less tonnage of merchandise being moved now than in 1920 because freight cars are not being loaded heavily at the present time. Carloadings of coal have lately been much larger than they were a year ago, due to the fact that New England consumers are buying soft coal from the non-union fields of the south and receiving shipments by boat. These in turn have to be re-shipped inland by rail.



Source of data — Massachusetts Commission on the Necessaries of Life.



Source of data — American Railway Association.

RETAIL TRADE

Retail trade, as is normal during July, has been much quieter than during the spring months. July sales were naturally below those in June, but when the comparison is with the corresponding month last year the results are generally satisfactory. Conditions are not so favorable, however, in localities suffering from the effects of prolonged labor disputes. The stores in the textile region definitely ascribe poor business to the curtailment in purchasing power brought about by the strike.

Prices are on the whole firm, with a tendency upward in a number of lines. Manufactured goods are beginning to reflect the increased cost of basic raw materials, and this is especially noticeable in the case of inquiries for goods for autumn, where woolen blankets, woolen dress goods and coats are quoted at higher levels. A similar situation exists in the case of some of the more seasonal lines, such as cotton and silk goods.

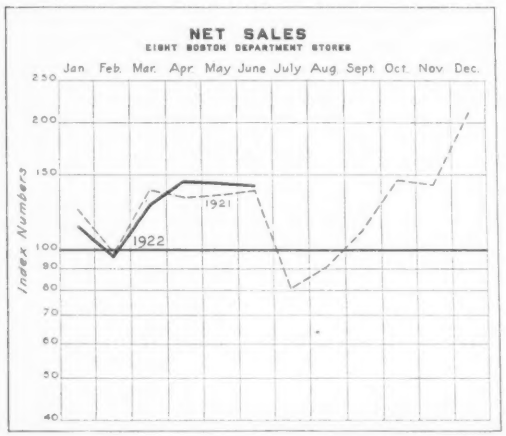
Bargains that are such only in terms of price and at the expense of quality meet with little success. Reports from cities where general business conditions might suggest a quite different shopping policy state that little attention is paid to extremely cheap goods. Expensive goods likewise are meeting with slight response. More than ever buying today is in firm priced lines where sound values are offered.

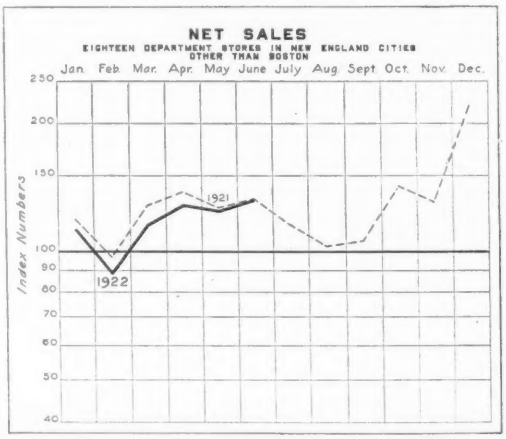
The aggregate value of the net sales during June of 26 New England department stores regularly reporting to this bank was slightly above that of a year ago and very nearly equal to the amount attained during June, 1920, when prices were at their peak. The actual physical volume of business transacted by these same stores, in so far as can be gauged by the number of sales transactions, was greater than during 1921. Too much reliance cannot, however, be placed in these latter figures, as they are affected by the variations in the extent of "shopping around" from one period to another. Stocks of goods declined a little less than normal during June, and in the case of both Boston and other New England stores are heavier than a year ago. There was some increase in outstanding orders, but the total remains small enough to indicate a continuance of a conservative buying policy.

The net sales of women's apparel shops suffered from the unfavorable weather prevailing during the greater part of June, and were 11 per cent. below the 1921 figures. Notwithstanding this fact, however, the second quarter of the year was much more encouraging for these firms than was the first.

	Net Sales during June, 1922, compared with		Net Sales Jan. thru June, 1922, compared with same period, 1921	Stocks at Retail on June 30, 1922, compared with		Ratio of Stocks to Net Sales during June,	Sales Transactions during June, 1922, compared with
	June, 1921	May, 1922		June 30, 1921	May 31, 1922	1922	June, 1921
8 Boston Department Stores	+1.0%	−1.9%	−0.4%	+3.9%	−4.2%	2.61	+3.0% (5 stores)
18 Other N. E. Dept. Stores	−0.7%	+6.4%	−6.0%	+1.3%	−3.8%	3.85	+1.8% (5 stores)
26 Total Department Stores	+0.6%	−0.1%	−1.7%	+3.1%	−4.1%	2.89	+2.9% (10 stores)
4 Women's Apparel Shops	−11.1%	−7.6%	−15.4%	−0.2%*	−5.3%*	1.87*	(No data)

* 3 Women's Apparel Shops.





Average Monthly Net Sales, January through June, 1919 = 100

THE COTTON SITUATION

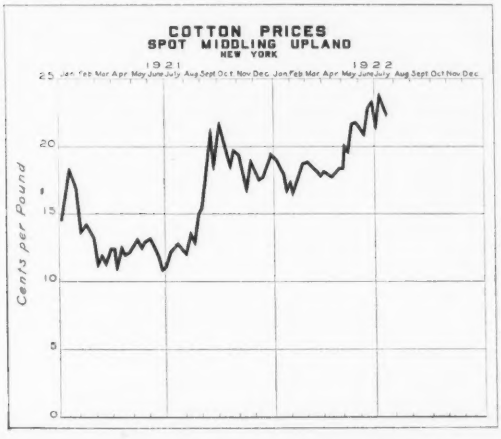
The crux of the cotton situation is the size of the crop now being grown in the United States. Although cotton is grown in other countries, the American crop is so large as to dominate the situation. The size of the crop itself depends primarily on the conditions under which it is grown rather than mere year-to-year changes in acreage. In fact, in more than two years out of every three, changes in the yield per acre have exercised more influence on the crop as a whole than changes in acreage itself. Last year, for instance, in the face of skillfully organized propaganda favoring drastic curtailment in acreage the actual reduction amounted to less than 15 per cent. So poor were the growing conditions, however, due to drouth, curtailed use of fertilizer and extraordinary ravages of the boll weevil, that the average yield *per acre* fell 40 per cent. Poor growing conditions, therefore, were far more disastrous in reducing the crop from over 13,000,000 bales in 1920 to less than 8,000,000 in 1921 than any acreage curtailment economically possible.

The present cotton crop was planted under the stimulus of high prices at the moment and the assurance that depleted cotton stocks the world over would insure a profitable price. The carry-over of old cotton into the new cotton year (beginning August 1) in the United States will be approximately 2,500,000 bales, a figure far less than half last year's total, and but little larger than the pre-war average. Under this stimulus, the acreage planted, estimated at almost 35,000,000, is within 7 or 8 per cent. of the highest on record, and approximately equal to the average for the past 10 years. Since 1900 the yield per acre has varied between 121 and 209 pounds, averaging about 175 pounds. A crop equal to an average of 175 pounds per acre would total about 12,000,000 bales; the extreme figures of 121 to 209 pounds would result in crops of about 8,500,000 to 14,500,000 bales respectively.

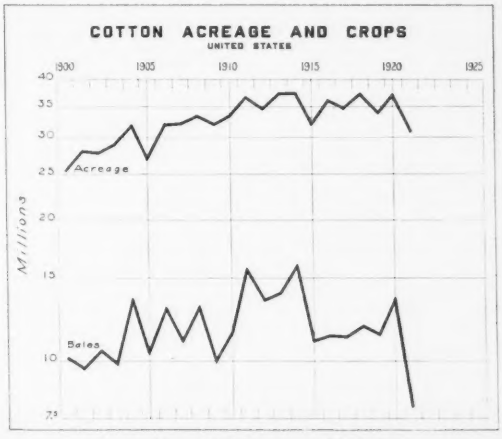
The first government forecast, based on growing conditions up to the last week in June, indicated a crop of slightly more than 11,000,000 bales. Improved weather conditions since that date have led private sources to raise this estimate moderately. These early estimates must be regarded as tentative in every sense of the word, however, for changes in weather conditions can, within a few days, entirely change crop prospects. Occasionally the first estimates prove very close, but there have been times when they have fallen far wide of the mark.

The essential point at the present time is the realization that July and August growing conditions will determine the size of the crop, and that with the acreage planted, possibilities exist for a short crop or for one of sufficient size to meet the world's needs. Certainly the economic incentive of a profitable price is a constructive factor in the situation.

The reduction of cotton stocks to normal, brought about by the combination of heavy manufacturing and export demand of the past 12 months and a short crop last year, is of distinct advantage to both growing and consuming interests, as it practically assures prices to the grower sufficiently remunerative to provide, in so far as the acreage planted is a determining factor, the normal crops so essential to the welfare of the manufacturing industry.



Cotton prices compiled by the *Commercial and Financial Chronicle.*



Source of data — U. S. Department of Agriculture.

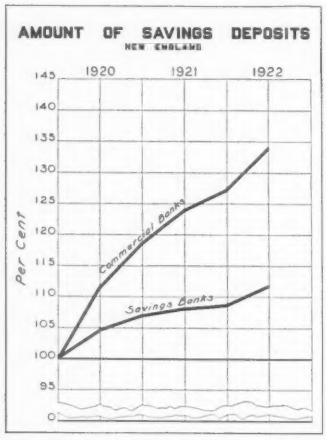
THE TREND OF SAVINGS DEPOSITS IN NEW ENGLAND

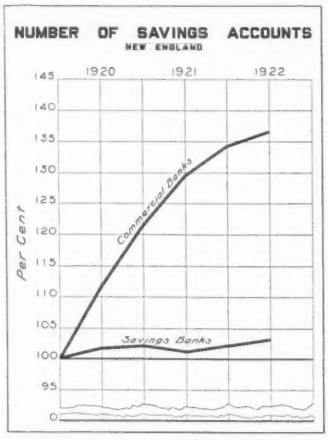
In no other section of the United States is the trend of savings deposits of as much importance as in New England. With a population of only 7 per cent. of that of the country as a whole, over one-third of both savings bank deposits and the number of depositors themselves are concentrated within this district. The additions to capital in the form of savings accounts, including with savings bank figures those for savings departments of commercial banks, exceeds $50,000,000 in a year of depression such as 1921, and certainly approximates $200,000,000 in a year of prosperity. Yet even this understates the significance of savings accounts, for the size of both the above totals would undoubtedly be much larger were it possible to include savings actually made through the agency of savings accounts but withdrawn for investment in homes, mortgages and securities in general.

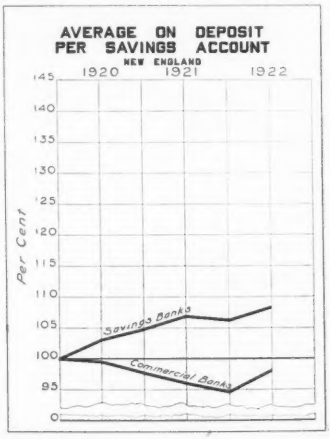
It might be thought that, with considerably more than half as many savings accounts as there are people in New England, the field would already be saturated, but the growth in the number of depositors, even during the period of depression, was more than twice as rapid as the estimated increase in population itself. The charts at the bottom of this page compare the growth of savings banks with that of the savings departments of commercial banks. The figures presented are on a percentage basis, with December 31, 1919, taken as a base of 100, as this method, stressing the *rate* of growth, probably affords the clearest picture of relative gains. Returns from about 500 identical banks are included in the survey. Of these, savings institutions number 300 and represent over five-sixths of the savings bank deposits in this district. The remaining 200 are commercial banks with savings departments and, selected from each of the New England states, afford a fair basis for comparison.

The outstanding feature shown by these charts is the rapid growth of the savings departments of commercial banks. The savings banks themselves have made steady progress; the number of their depositors increased during each semi-annual period, with the exception of the first six months of 1921, when, as shown by this bank's "Index of Manufacturing Activity," industrial conditions in New England were at their worst. Savings bank deposits have increased somewhat more rapidly than the number of their depositors and the effect of this is seen in the third chart at the bottom of the page, in a gain of over 8 per cent. in the average savings bank deposit. But the growth of the savings banks, substantial as it has been, seems almost dwarfed by the far more rapid advance made by the savings departments of commercial banks. An upward swing in the number of accounts, unbroken and of large proportions (though moderating during the first half of 1922) is shown in the second chart; the rate of increase is over ten times that of the savings banks. This extremely rapid increase in the number of new depositors is probably responsible for the favorable showing made by commercial banks in the volume of their savings deposits though, at the same time, it naturally lowers the size of the average deposit.

An analysis of the detailed figures indicates that Connecticut, with its metal-working centers, suffered more severely during the depression than any other section of New England.







Based on reports from 495 New England banks. Data as of December 31, 1919 = 100.

Condition of Selected Member Banks

(In Thousands of Dollars)

	Banks in Boston.				Banks in Portland, Fall River, New Bedford, Springfield, Worcester, Providence, Hartford and New Haven.			
RESOURCES	July 19,'22	June 14,'22	July 20,'21	Change since July 20,'21	July 19,'22	June 14,'22	July 20,'21	Change since July 20,'21
Commercial Loans and Investments,	$500,367	$493,727	$518,179	— $17,812	$322,713	$326,824	$299,132	+ $23,581
Loans Secured by U. S. obligations,	12,324	12,910	34,100	— 21,776	6,589	7,850	16,198	— 9,609
Loans Secured by Stocks and Bonds,	160,399	180,102	144,015	+ 16,384	75,772	73,675	69,488	+ 6,284
U. S. Certificates Owned	6,294	7,490	1,236	+ 5,058	1,413	1,528	3,707	— 2,294
Other U. S. Obligations Owned	55,811	53,748	10,933	+ 44,878	68,384	61,795	42,785	+ 25,599
Total Loans and Investments	**735,195**	**747,977**	**708,463**	**+ 26,732**	**474,871**	**471,672**	**431,310**	**+ 43,561**
Cash in Vaults	8,224	8,295	11,967	— 3,743	15,269	14,575	13,507	+ 1,762
Reserve at Federal Reserve Bank	69,036	72,232	56,544	+ 12,492	24,489	23,849	21,384	+ 3,105
LIABILITIES								
Net Demand Deposits	623,909	632,873	572,377	+ 51,532	264,586	261,642	242,182	+ 22,404
Time Deposits	98,950	96,959	70,489	+ 28,461	172,852	160,522	138,986	+ 33,866
Government Deposits	8,053	18,357	6,122	+ 1,931	1,443	3,407	2,920	— 1,477
Total Deposits	**730,912**	**748,189**	**648,988**	**+ 81,924**	**438,881**	**425,571**	**384,088**	**+ 54,793**
Money Borrowed at Fed. Res. Bank,	6,081	5,919	32,173	— 26,092	3,154	4,329	8,830	— 5,676
Capital	57,020	56,600	56,200	+ 820	32,200	31,350	31,350	+ 850
Surplus	62,194	62,176	62,136	+ 58	32,250	29,750	29,750	+ 2,500
Undivided Profits	18,850	21,168	22,465	— 3,615	18,315	18,512	16,684	+ 1,631
Ratio of Borrowings to Total Loans,	.8%	.8%	4.5%	— 3.7%	.7%	.9%	2.0%	— 1.3%

Condition of Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES	July 19,'22	June 14,'22	July 20,'21
Gold Reserve against F.R. Notes	$158,551	$133,516	$223,958
Gold Reserve against Deposits,	44,113	45,290	38,481
Total Gold	**202,664**	**178,806**	**262,439**
Legal Tender and Silver	8,537	15,273	16,374
Total Cash Reserves	**211,201**	**194,079**	**278,813**
Discounts secured by U.S. Sec.,	6,523	8,237	32,844
Discounts—Commercial Paper,	12,930	12,042	41,891
Bankers' Acceptances purchased,	19,054	20,461	5,750
U.S. Sec. against F.R. Bk. Notes,	5,450	5,950	18,936
Other U. S. Securities owned	42,964	54,051	555
Total Earning Assets	**86,921**	**100,741**	**99,976**
Uncollected items	58,518	61,959	48,243
Other resources	6,364	6,679	4,978
Total Resources	**363,004**	**363,458**	**432,010**

LIABILITIES	July 19,'22	June 14,'22	July 20,'21
Capital	$7,981	$7,981	$7,911
Surplus	16,483	16,483	16,342
Deposits:			
Government	2,091	3,127	2,479
Member Bank Reserves,	123,553	125,860	106,387
All other	394	413	1,081
Total Deposits	**126,038**	**129,400**	**109,947**
Federal Reserve Notes	161,816	151,564	245,906
Federal Reserve Bank Notes,	4,928	5,656	8,559
Collection Items	44,453	50,943	40,058
All other liabilities	1,305	1,431	3,287
Total Liabilities	**363,004**	**363,458**	**432,010**
Reserve Ratio	73.4%	69.1%	78.4%
Loans to other Fed. Res. Banks,	0	0	18,287

Charges to Depositors' Accounts

Other than Banks' or Bankers'

(Monthly Averages of Weekly Totals in Thousands of Dollars)

	June 1922	May 1922	Per cent of Change	June 1921	Per cent of Change
Boston	$335,594	$302,561	+ 10.9%	$298,728	+ 12.3%
Bangor	3,257	3,112	+ 4.7	3,760	— 13.4
Brockton	4,528	4,286	+ 5.6	*	.....
Fall River	6,901	6,435	+ 7.2	5,316	+ 29.8
Hartford	21,731	21,115	+ 2.9	19,503	+ 11.4
Holyoke	3,054	2,946	+ 3.7	2,943	+ 3.8
Lowell	4,405	4,468	— 1.4	4,413	— .2
Lynn	5,561	5,615	— 1.0	*	.....
Manchester	3,982	3,743	+ 6.4	4,453	— 10.6
New Bedford	6,356	6,038	+ 5.3	5,858	+ 8.5
New Haven	16,558	16,506	+ .3	16,293	+ 1.6
Portland	7,289	7,608	— 4.2	6,731	+ 8.3
Providence	33,265	29,909	+ 11.2	30,495	+ 9.1
Springfield	15,268	13,789	+ 10.7	13,121	+ 16.4
Waterbury	6,789	6,434	+ 5.5	5,899	+ 15.1
Worcester	15,007	13,750	+ 9.1	14,284	+ 5.1

*Not reporting.

SUMMARY OF BUSINESS AND FINANCIAL CONDITIONS THROUGHOUT THE COUNTRY

By the Federal Reserve Board

JULY 27, 1922

The outstanding feature of the greater part of July has been the continuance of business and industrial activity at the relatively high rate recently attained. In fact, production has shown further increases in some lines, while in those which normally would be noticeably affected by seasonal influences decreases on the whole have been relatively slight. At the same time, commodity prices have continued their upward tendency. As the current month progressed the effects of the coal and railroad strikes began to make themselves felt. This influence has served recently to restrain productive activities in various lines, notably iron and steel. The plans recently announced by the Administration are expected to relieve the situation.

The output in various lines of manufacture showed further improvement in June. This was particularly noticeable in the case of iron and steel, copper, automobiles and tanning. Construction activity has been well sustained. The amount of bituminous coal mined in June showed a considerable increase, but since the opening of the present month has fallen off greatly. Coal stocks have consequently been further drawn upon. Petroleum output continues large; stocks are in fact accumulating.

A further reduction in the number of persons out of work was reported during June, and scarcity of labor continued to be noted, especially in the building trades. Agricultural prospects are still very satisfactory for the country as a whole.

In wholesale trade there was a general improvement during June. The volume of retail trade was well sustained, though slightly less than in May.

Financially there have been few new developments noted during the month. The Federal Reserve Banks of Dallas and San Francisco reduced their discount rate. Of much interest has been the announcement by the Treasury calling for redemption on December 15, 1922, of approximately one billion dollars of the 4¾ per cent Victory Notes. Federal Reserve Bank portfolios show little change, while member banks' loans other than those secured by stocks and bonds show a downward tendency.

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